

FISCAL MEMORANDUM
SB 1955 – HB 2160

March 26, 2007

SUMMARY OF AMENDMENT (004501): Changes the gross income multiplier from 6.0 to 5.5, a factor used in determining “present use value,” as it applies to property tax law.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Govt. Revenues – Exceeds \$1,680,000

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease Local Govt. Revenues – Exceeds \$2,070,000

Assumptions applied to amendment:

- According to the Comptroller of the Treasury, and based from a sample of Section 42 housing complexes, valuation decreased approximately 34.5% for the sampled properties when utilizing the gross income multiplier method of valuation proposed in this amendment.
- Statewide market value (under the current method of valuation) is estimated to exceed \$400.0 million.
- A minimum classification rate equal to 40%.
- Average tax rate of \$3.75 per \$100 of assessed value (0.0375).
- The decrease to local government revenues is estimated to exceed \$2,070,000 per year (\$400,000,000 current market value X 34.5% market value reduction X 40% classification rate X 0.0375 tax rate = \$2,070,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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